

**Sugar & Gur Domestic & International Fundamentals****Recent Update:**

**May NY world sugar #11 (SBK19) on Tuesday closed up +0.23 (+1.77%) and May ICE London white sugar (SWK19) closed up +1.30 (+0.36%).** Sugar prices moved higher Tuesday with May NY sugar at a 1-month high and May London sugar at a 3-week high on supply concerns. India's National Federation of Cooperative Sugar Factories Ltd. on Tuesday projected that India 2019/20 sugar production will fall by at least -5% y/y to a 3-year low of 30 MMT.

**Weather Forecast for tomorrow:**

Light rain and snow with one or two moderate spells are a possibility over Jammu and Kashmir, Himachal Pradesh and Arunachal Pradesh. Isolated rains can be seen over Uttarakhand. Light rains with one or two moderate spells can be seen over West and northwest Rajasthan, Assam and Meghalaya. Isolated rains and thundershower activities can be seen over Punjab, Haryana, Delhi, Coastal Andhra Pradesh and Tamil Nadu. The minimums would remain above normal over northwest and Central India inclusive of Punjab, Haryana, Delhi, Uttar Pradesh, Rajasthan and Madhya Pradesh.

**Previos Updates:**

**The Sugar prices that averaged at Rs 39 per kg in October 2017 fell to the lowest level of Rs 28 per kg in May 2018.** To prevent the downward trend in prices, the government fixed the MSP for sugar at Rs 29 per kg on June 6, 2018. Resultantly, the prices increased and averaged at Rs 32 per kg in the month of June 2018 and grew further to Rs 34 per kg in July 2018. The prices however fell in the next month and remained in the range of Rs 32-Rs 33 per kg during August 2018-January 2019.

**According to National Federation of Cooperative Sugar Factories Ltd,** Sugar output in India, which vies with Brazil as the world's top grower, will likely drop to a three-year low next season as dry weather in some main areas of the western region cuts planting. Production may slide to less than 30 million metric tons in the year that begins on Oct. 1 from an estimated 31.5 million tons this season.

**Indian Sugar markets were traded firm on Monday.** On the back of announcement of Rs 200 hike in ex mill price from Rs 2,900 to Rs 3,100 per quintal. We expect sugar prices may trade in range of 3100 to 3300 Rs/Qtl in coming days.

**Sugar prices at the Kolhapur wholesale market shot up by Rs 200-350 a quintal during the week, on the back of announcement of Rs 200 hike in ex mill price from Rs2,900 to Rs 3,200 per quintal.** The industry has been demanding a hike in the MSP for sugar because international market prices have fallen in the past few months and mills have not been able to increase exports. Compared to the government's mandate to the industry to export 5 million tonnes, the season is expected to end with 3.5 million tonnes in exports.

**Sugar prices at the Kolhapur wholesale market shot up by Rs 200-350 a quintal on the back of announcement of Rs 200 hike in ex mill price from Rs2,900 to Rs 3,200 per quintal.**

*The government on Thursday announced a Rs 2 per kg, or seven per cent, increase in the minimum selling price (MSP) of sugar to Rs 31 per kg. Sugar mills are expected to get a benefit of Rs 6,000 crore from this move. However, the mills were seeking more relief because the price was not helping them to pay the mounting farmers' dues.*

*The government is planning to increase the ex-mill price of sugar by about Rs 2 per kg, much lower than the sum demanded by the industry that would enable them to meet the mounting cane arrears. Mill prices across the country are ruling in the range of Rs 29-30 per kg, which are about Rs 5-6 per kg lower than the cost of production,*

*The world sugar balance was seen switching to a deficit of 1.90 million tonnes in 2019/20 compared with a surplus of 2.55 million in 2018/19. The shift was partly driven by a forecast fall in India's production to 29.50 million tonnes in 2019/20 from 32.00 million in 2018/19, where stocks have been climbing, may limit the scope for a rise in prices while the relative profitability of sugar and ethanol production in Brazil would also have a major influence on prices.*

## Weekly Outlook:

**Indian Sugar markets were firm during the week.** We expect sugar prices may trade lower as good physical supplies from mills are continuing in the physical market. Prices will be supportive in coming days due to the expectation of weak cane crush this season in the key producing states of UP, Maharashtra and Karnataka. After demanding the UP and Maharashtra sugar mills on extra sales quota the government has released 21.00 Lakh MT of sugar for Feb higher than the previous month. As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3100–Rs 3300 per quintal for next week.

## **NCDEX Sugar (M grade) Future Quotes (At 05:00 p.m. as on 20-12-2018)**

Contract	+/-	Open	High	Low	close	Volume	O.I
Cont. (DEC)	-	2989	2989	2989	2989	-	-
Spread	Cont Dec(C1)						
Spot							

**Note:** There is no trade volume in near month future contract. Market participants are advised to wait until trade in volume starts

**International Sugar Futures ICE**

Daily Futures Price Listing Tue February 19, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
<b>Sugar #11(ICE)</b>									
<a href="#">Mar-19</a>	190219	13.14	13.38	13.14	13.35	0.21	79,265	1,38,298	-17,135
<a href="#">May-19</a>	190219	13.06	13.27	13.03	13.23	0.23	97,101	3,38,651	16,831
<a href="#">Jul-19</a>	190219	13.2	13.44	13.2	13.4	0.26	33,053	1,58,557	-2,145
<a href="#">Oct-19</a>	190219	13.55	13.76	13.54	13.75	0.25	17,521	1,28,472	3,616
<a href="#">Mar-20</a>	190219	14.26	14.46	14.25	14.45	0.2	3,621	87,877	687
<a href="#">May-20</a>	190219	14.35	14.47	14.26	14.47	0.18	361	12,756	63
<a href="#">Jul-20</a>	190219	14.36	14.44	14.26	14.44	0.13	144	11,393	63
<a href="#">Oct-20</a>	190219	14.47	14.52	14.35	14.52	0.08	77	15,316	-4
Total Volume and Open Interest							2,31,231	8,97,964	1,996

**International Sugar Futures LIFFE**

Daily Futures Price Listing Tue February 19, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
<b>London Sugar(LCE)</b>									
<a href="#">May-19</a>	190219	355.9	360	355.9	359.1	1.3	8,523	37,624	541
<a href="#">Aug-19</a>	190219	361.6	365.7	360.8	364.9	2.2	3,403	20,661	57
<a href="#">Oct-19</a>	190219	366.7	370.9	365.8	370.3	3	742	9,173	167
<a href="#">Dec-19</a>	190219	373.3	377.5	372.6	376.8	2.9	172	4,662	4
<a href="#">Mar-20</a>	190219	380.5	384.3	379.5	383.7	2.7	63	3,692	12
Total Volume and Open Interest							12,920	77,516	782

Commodity		Change
Thai Sugar FOB 45 Icumsa	357.80	3.10

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			20-Feb-19	19-Feb-19	
Delhi	Delhi	M-Grade	3150	3170	-20
	Delhi	S-Grade	3130	3150	-20
Uttar Pradesh	Khatauli	M-Grade	3280	3320	-40
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3170	3200	-30
	Dhampur	S-Grade Ex-Mill	3150	3180	-30
	Dhampur	L-Grade Ex-Mill	3220	3250	-30
Maharashtra	Mumbai	M-Grade	3440	Closed	-
	Mumbai	S-Grade	3220	Closed	-
	Nagpur	M-Grade	3225	3225	Unch
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3100	3100	Unch
	Kolhapur	S-Grade	3100	3100	Unch
Assam	Guhawati	S-Grade	3410	3410	Unch
Meghalaya	Shillong	S-Grade	3420	3420	Unch
Andhra Pradesh	Vijayawada	M-Grade	3540	3540	Unch
	Vijayawada	S-Grade	3500	3500	Unch
West Bengal	Kolkata	M-Grade	3530	3520	10
Tamil Nadu	Chennai	S-Grade	3260	3250	10
	Dindigul	M-Grade	#N/A	3420	-
	Coimbatore	M-Grade	#N/A	3450	-
Chattisgarh	Ambikapur	M-Grade (Without Duty)	#N/A	3500	-
Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)					

Jaggery (Gur) Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			20-Feb-19	19-Feb-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2578	2513	65
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	2000	2500	-500
	Muzaffarnagar	Khurpa (Fresh)	2408	2410	-3
	Muzaffarnagar	Laddoo (Fresh)	2620	2603	18
	Muzaffarnagar	Rascut (Fresh)	1963	1975	-13
	Hapur	Chaurasa	2275	2275	Unch

	Hapur	Balti	2200	2200	Unch
Andhra Pradesh	Chittur	Gold	3700	3700	Unch
		White	3300	3000	300
		Black	2700	2600	100
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4700	4700	Unch
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	NA	-
	Gulbarga/Kalaburgi	Other (Average)	3050	2950	100
	Mahalingapura	Penti (Average)	NA	3083	-
	Mandya	Achhu (Medium)	2700	2650	50
	Mandya	Kurikatu (Medium)	2600	2600	Unch
	Mandya	Other (Medium)	2650	2600	50
	Mandya	Yellow (Medium)	2700	2650	50
	Shimoga/Shivamogga	Achhu (Average)	NA	3200	-

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